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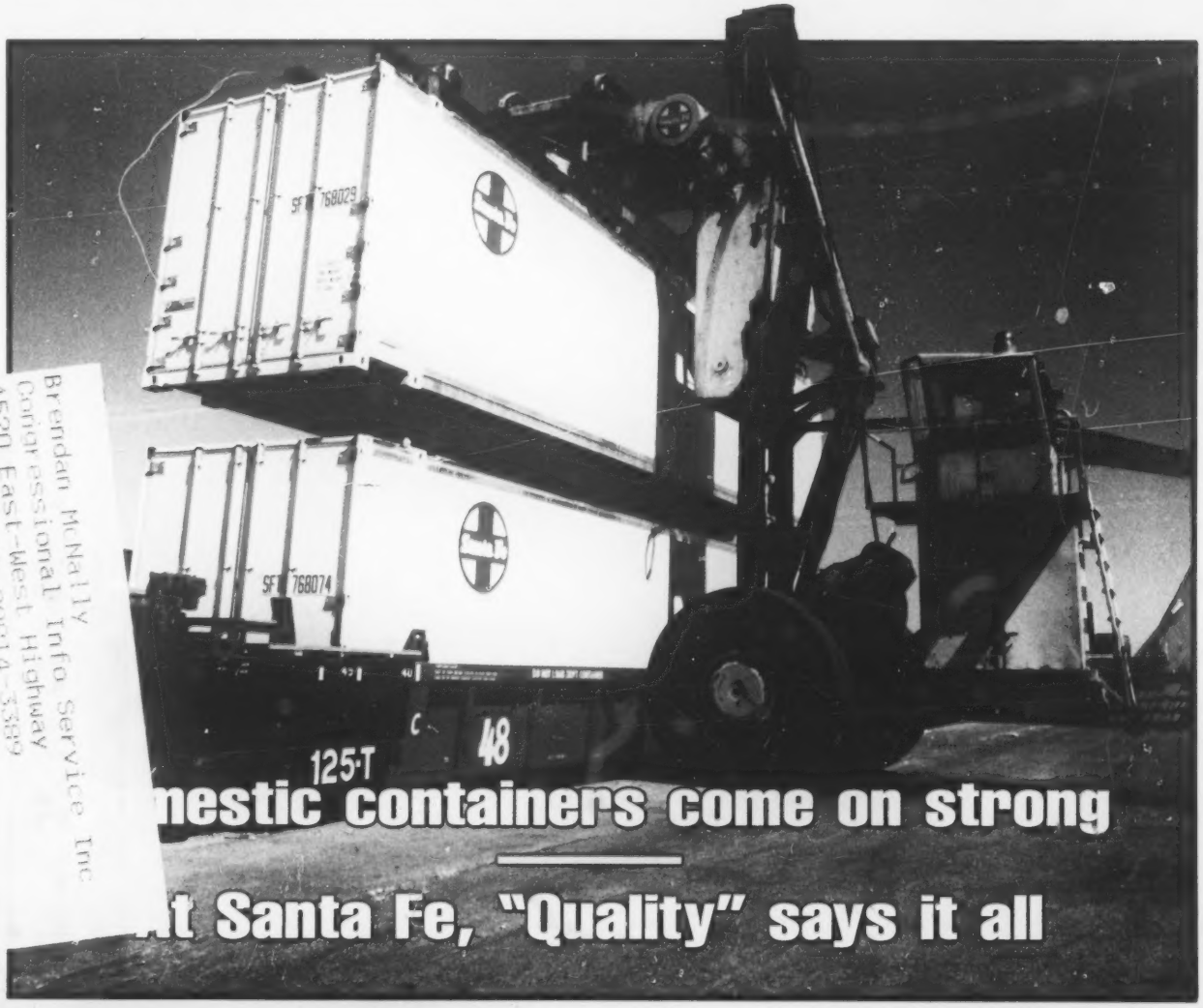
February 1989

Railway Age

...for the new age of railways and rail transit



Brendan McNally
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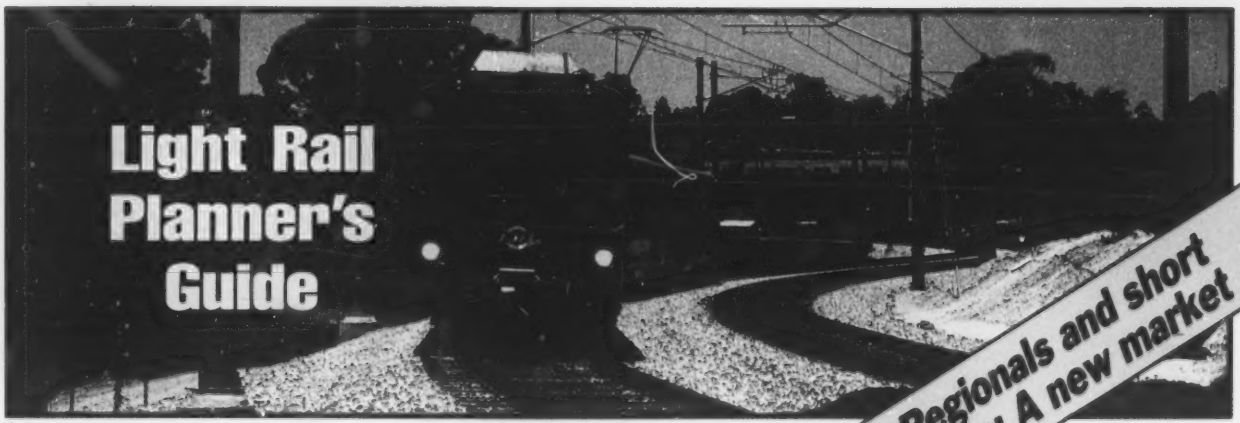
...mestic containers come on strong

...t Santa Fe, "Quality" says it all



Light Rail Planner's Guide

Regionals and short lines: A new market

February 1989

Railway Age

...for the new age of railways and rail transit

Features

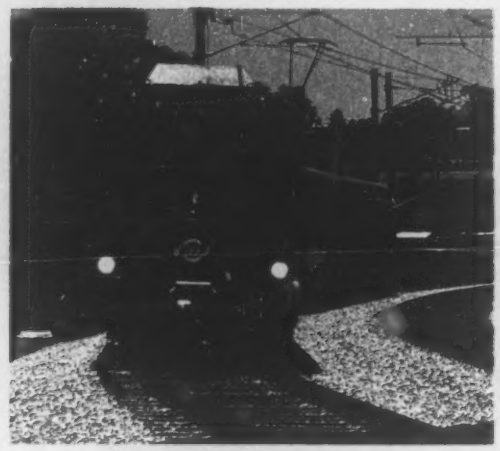
1989 Light Rail Planner's Guide

The affordable alternative.....LR3

Many cities that can't afford heavy rail (or even express busways) are putting their money into LRT, with its low capital, operating, and maintenance costs. Attractive financing is available.

Who's Who in Light Rail Transit.....LR13

A cross-indexed directory of consultants, manufacturers, and others who can assist communities in planning, building (and sometimes financing) LRT systems.



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Published monthly by the Simmons-Boardman Publishing Corporation, 345 Hudson St., New York, NY 10014 USPS 449-131, Vol 190, No. 2

Subscriptions: RAILWAY AGE is sent without obligation to all Class I railroads, regional and short line railroad, light and rapid rail transit, private car lines, industrial owners of rolling stock, utility and energy personnel in railroad management and supervision in the executive and administration departments, marketing and sales departments, purchasing and materials departments, operations, mechanical, engineering and communications and signaling departments in the United States, Canada and Mexico. Subscriptions should be requested on company letterhead. Subscription price to others: $4.00 per copy, $35.00 per year in the U.S., Canada and Mexico. Foreign $50.00 (U.S. funds). All subscriptions payable in advance. Copyrighted © 1989. Second-class postage paid at New York, N.Y. and additional mailing offices.

Address all subscriptions, change of address forms and correspondence concerning them to Subscription Dept., Railway Age, 345 Hudson St., New York, NY 10014.

Printed at Hughes Printing Co., 34 North Crystal St., East Stroudsburg, PA 18301. Second Class postage paid by Simmons-Boardman Publishing Corp., 345 Hudson St., New York, N.Y. 10014 ISSN 0033-8626.

POSTMASTER—Send change of address forms to Simmons-Boardman, 345 Hudson St., New York, NY 10014.

INSIDE

Budgeting for growth

LUTHER S. MILLER

Capital improvement budgets are not the only indicator of an industry's state of health, but they tell us a lot about an industry's state of mind—whether it's pessimistic or optimistic. Examining Class I railroad capital budgets for 1989, you have to conclude that this industry is very optimistic indeed about its future.

The last of the major railroads have now reported their 1989 investment plans (p. 10); these along with previously reported programs add up to $4 billion. That compares with $3.5 billion in 1988 and $2.9 billion in 1987.

The hottest activity, as we have been predicting for some time, is in freight cars and locomotives. The biggest single capital budget is CSX Transportation's $763 million (up 34% over last year), and the biggest single item in the CSXT budget is $300 million for cars and locomotives. Norfolk Southern, another big spender whose plans are reported in this issue, has earmarked $295 million for equipment out of a total budget of $695 million (which is up 12% over 1988).

It should be emphasized that Class I railroad outlays do not tell the whole capital spending story. It is particularly important to keep this in mind at a time when the trend once again is toward investment in freight cars. The table reproduced below shows the rather remarkable shift that has taken place in the last ten years in freight-car ownership, and it suggests that private car lines, shippers and "other" railroads have become almost as big a force in freight-car buying as the Class Is.

FREIGHT CARS: A shift in ownership

Year	Total	Class I Railroads	Other Railroads	Car Companies and Shippers
1978	1,652,774	1,225,374	70,007	357,393
1979	1,699,322	1,217,079	91,427	390,816
1980	1,710,827	1,168,114	102,161	440,552
1981	1,672,465	1,111,115	101,091	460,259
1982	1,587,536	1,039,016	91,452	457,068
1983	1,542,278	1,007,165	91,395	443,718
1984	1,486,282	948,171	91,009	447,102
1985	1,421,686	867,070	111,086	443,530
1986	1,339,453	798,631	103,504	437,318
1987	1,288,129	748,523	107,223	432,383

Source: AAR Transportation Division.

As the table above suggests, one non-Class I group which exercises growing influence in the railway marketplace is that which the AAR calls "other" railroads. The article beginning on p. 39 reports on the results of a *Railway Age* survey of the spending plans of 25 short line and regional railroads.

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Simmons-Boardman Publishing Corp.

Railway Age, descended from the American Railroad Journal (1832) and the Western Railroad Gazette (1856) and published under its present name since 1876, is indexed by the Business Periodicals Index and the Engineering Index Service. Name registered in U.S. Patent Office and Trade Mark Office in Canada.

Change of address should reach us six weeks in advance of next issue date. Send both old and new addresses with address label to Subscription Department, Railway Age, 345 Hudson St., New York, N.Y. 10014 or call (212) 620-7226. Post Office will not forward copies unless you provide extra postage.

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MARKET OUTLOOK

Capital Expenditures

CSX Transportation: Has adopted a 1989 capital improvements program totaling $763 million, up 34% from 1988; it includes $300 million for new cars and locomotives and $238 million for roadway. (Details p. 17.)

Norfolk Southern: Will spend $695 million on capital improvements in 1989, a 12% increase over the $623 million budgeted for 1988. Approximately $400 million will go for roadway improvements and $295 million for equipment. (Details p. 17).

Southern Pacific: Has budgeted $361 million for capital improvements in 1989, including $113 million in lease acquisitions. SP's 1988 capital budget of $480 million included $67 million in lease acquisitions. The 1989 program earmarks $190 million for track improvements. (Details p. 17).

Union Pacific: Capital improvements in 1989 will total approximately $650 million, compared with $474 million in 1988. About $400 million will be invested in roadway projects. Further details were not immediately announced.

Equipment

Burlington Northern: Acquired 1,000 new 48-foot containers from Stoughton Trailer for BN America's new container service between the Pacific Northwest and Chicago which began Feb. 1 (*RA*, Jan., p. 13).

Massachusetts Bay Transportation Authority: Awarded a $16 million contract to Bombardier to overhaul and upgrade 18 commuter rail locomotives. The first rebuilt locomotive is to be delivered this fall.

International Transportation Services: Ordered five Transtainer stacking gantry cranes from Coast Engineering & Manufacturing Co. of Gulfport, Miss., a subsidiary of Fruehauf, for installation at its Long Beach, Calif., facility.

Facilities

METROREY (Monterrey, Mexico): Awarded a $3.5 million contract to Cubic Western Data of San Diego, Calif., to supply a fare collection system for 17 stations of a new commuter rail system.

New York City Transit Authority: Contracts have been awarded to Transco Industries of Portland, Ore., for the supply of trainwashers at Jamaica and Canarsie. Transco recently supplied a trainwasher to MARTA, the Metropolitan Atlanta Transit Authority.

Revenue freight carloadings

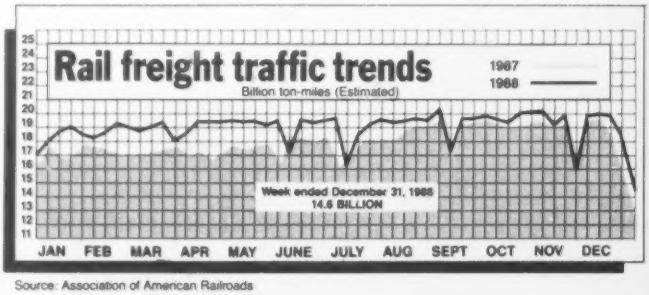
Commodity	Dec. 31 week	Dec. 24 week
Grain	20,694	28,460
Other farm products	3,000	3,898
Metallic ores	22,041	20,349
Coal	87,734	126,865
Crushed stone, gravel and sand	7,844	10,827
Nonmetallic minerals	7,736	8,411
Grain mill products	9,006	10,619
Food and kindred products	7,548	10,465
Primary forest products	7,184	9,897
Lumber and wood products except furniture	5,544	7,304
Pulp, paper and allied products	13,218	11,998
Chemicals and allied products	27,135	28,482
Petroleum products	4,380	5,108
Stone, clay and glass products	7,864	9,110
Coke	5,939	5,423
Metals and products	8,840	9,478
Motor vehicles and equipment	8,553	19,905
Waste and scrap materials	5,595	8,291
Forwarder and shipper assn. traffic	1,613	2,043
All other carloads	63,970	82,722
Total Cars Loaded	**325,438**	**419,655**
% change from previous year	7.9	40.0
Estimated revenue ton-miles (billions)	14.6	18.7
% change from previous year	7.7	37.7

Total:	1988	1987	% change
52 weeks	997.0	948.0	5.2

Piggyback loadings

	Dec. 31 week	Dec. 24 week	Dec. 17 week
Trailers/containers	86,9251	109,859	117,991

Cumulative total, 52 weeks		% change from 1987
Trailers/containers	5,716,293	3.9


Rail freight traffic trends
Billion ton-miles (Estimated)
1987
1988
Week ended December 31, 1988
14.6 BILLION
JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC

Source: Association of American Railroads

Note to Readers:
Effective Jan. 1, the AAR has changed its method of reporting weekly traffic statistics. Intermodal traffic will no longer be included in carloadings and will be reported entirely separately. Ton-miles will be based on carloadings only, and while they will continue to be reported they will be de-emphasized as a leading traffic indicator. Statistics for the final weeks of 1988 are published in this issue, on the old reporting basis, to complete the 1988 record. Statistics based on the new method of reporting will be published beginning with the March issue; the AAR will restate 1988 statistics for comparability.

Small roads, big market

Twenty-five of the small carriers, representing about one-fourth of total short line and regional mileage, say they will spend $44 million-plus this year, with crossties a priority item.

Individually, the 1989 spending programs of short line and regional railroads range from modest to minuscule. Collectively, they add up to a big new market for railroad suppliers, though just how big nobody seems to know.

The Association of American Railroads maintains a comprehensive data bank for the Class I railroads, but its information on short lines and regionals is skimpier: They operate about 30,000 miles of line and they own around 8% of the freight car fleet. The American Short Line Railroad Association does not maintain extensive statistics because its members are not required to file the kind of comprehensive reports that the Class Is regularly feed to the ICC and the AAR. The Regional Railroad Association is conducting a survey of spending by its members, in order to buttress its position that these railroads play an increasingly important role in transportation economics, but that survey is incomplete.

A *Railway Age* survey of 25 short line and regional carriers shows that they plan expenditures in 1989 totaling $44.3 million, compared with $41.5 million in 1988. The railroads participating in this survey operate 7,150 miles of line, nearly one-fourth of the total short line and regional mileage. A simple extrapolation would suggest that total expenditures by these railroads would, therefore, be about four times the amount pinpointed in the *Railway Age* survey, or something approaching $200 million. But in the small-railroad business, where needs and the funding to meet those needs vary widely from property to property and from year to year, simple extrapolations don't add up to good economics.

The survey does, however, provide useful data on small-railroad spending priorities.

The biggest single expenditure in 198[illegible] for example, will be $12.9 million fo[illegible] crossties, compared with $10.2 million in 1988. Another big item is grade crossin[illegible] protection and surfacing, for which the 2[illegible] surveyed railroads plan to spend $6.8 million in 1989, vs $6.3 million in 1988. About $4.9 million will be spent for rail this year, up from $1.9 million in 1988. Expenditures will be relatively small for signaling ($230,000 in 1989 vs $125,000 in 1988) and communications ($63,600 in 1989, com-

Among railroads surveyed, the 2,000-mile Wisconsin Central has the biggest improvement program for 1989, nearly $12 million.

pared with $56,900 in 1988).

Outlays for new and used freight cars and locomotives will be low for most of the surveyed railroads, with one or two railroads accounting for the big disparities in year-to-year comparisons. For example, the $8.4 million to be spent on car acquisition this year compares with a mere $180,700 reported for 1988; and the $580,000 projected for locomotives in 1989 compares with $7.7 million spent by these roads in 1988. Additional millions go for leasing.

The 1989 budgets reported to *Railway Age* ranged from a high of $11.66 million (by the 2,000-mile Wisconsin Central) to a low of $25,000 (by the 65-mile Ontario Midland). This was the road-by-road report:

—**Wisconsin Central, 2,000 miles: 1989, $11,660,000.** $7,300,000 for purchase of 250 used freight cars, $1,100,000 to repair 240 cars, $3,000,000 for 80,000 crossties, and $250,000 for grade crossing protection and surfacing. **1988, $13,875,000.** $650,000 for purchase of 85 used cars, $3,200,000 to lease 753 cars, $1,400,000 to repair 280 cars, $1,400,000 to repair 22 locomotives, $2,700,000 for 70,000 crossties, $1,100,000 to acquire 45 track machines, and $225,000 for grade crossing protection and surfacing.

—**New York, Susquehannah & Western, 430 miles: 1989, $9,719,000** (not including any outlays for freight cars). $800,000 for four miles of rail, $3,855,000 for 25 miles of welded rail, $1,000,000 for 25,000 ties, $333,000 for eight track machines, $30,000 for communications, $30,000 for signaling, $1,495,000 for grade crossing protection, and $2,178,000 for grade crossing surfacing. **1988, $9,393,666** (not including freight cars). $4,800,000 for four new locomotives, $1,000,000 for five used locomotives, $400,000 for two miles of rail, $200,000 for welded rail, $800,000 for 20,000 ties, $20,000 to purchase five track machines and $15,000 to lease eight track machines, $20,000 for communications, $450,000 for grade crossing protection, and $1,188,666 for grade crossing surfacing.

—**Dakota, Minnesota & Eastern, 965 miles: 1989, $4,695,000.** $1.1 million for locomotive repairs, $315,000 for welded rail, $2.5 million for 140,000 ties, $225,000 to purchase 13 track machines, $75,000 for grade crossing protection, $480,000 for grade crossing surfacing. **1988: $3,650,000.** $900,000 million for locomotive repairs, $2.1 million for 90,000 ties, $200,000 to buy 12 track machines, $150,000 for grade crossing protection, and $300,000 for grade crossing surfacing.

—**MidSouth Rail Corp., 1,150 miles: 1989, $3,900,000.** $600,000 to lease 250 freight cars, $800,000 for eight miles of rail, $800,000 for welded rail, $1,300,000 for 50,000 ties, $50,000 for two track machines, $200,000 for grade crossing protection, and $50,000 for grade crossing surfacing. **1988, $2,700,000.** $420,000 for leasing freight cars, $803,200 for purchase of 20 used locomotives, $1,367,600 for 52,600 ties, $80,000 for four track machines, $50,000 for grade crossing protection, and $30,000 for grade crossing surfacing.

—**Indiana Hi-Rail Corp., 133 miles: 1989, $2,641,000.** $75,000 for ten used freight cars, $80,000 for car repair, $396,000 to lease 100 locomotives, $100,000 to repair five locomotives, $450,000 for rail, $1,050,000 to install 35,000 ties, $15,000 to buy one track machine, $10,000 to lease one track machine, $15,000 for communications, $50,000 for signaling, $100,000 for grade crossing protection, and $300,000 to rebuild six grade

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crossings. **1988, $2,866,500.** $772,200 to lease 195 freight cars, $6,500 to buy one used freight car, $150,000 for nine used locomotives, $100,000 to repair five locomotives, $200,000 for a new locomotive shop, $70,000 for rail, $560,000 for 20,000 ties, $8,000 for a track machine, $15,000 for communications, $35,000 for signaling, $100,000 for grade crossing protection, and $700,000 to rebuild 12 grade crossings.

—**Washington Central, 400 miles: 1989, $2,106,000.** $800,000 for 40 used freight cars, $45,000 for rail, $875,000 for 25,000 ties, $45,000 to purchase four track machines, $40,000 to lease track machines, $1,000 for signaling, $300,000 for grade crossing protection. **1988, $698,000.** $7,500 for four used freight cars, $100,000 for two used locomotives, $30,000 for rail, $350,000 for 10,000 ties, $134,500 to buy 12 track machines, $6,000 for communications, and $70,000 for grade crossing surfacing.

—**Central Montana Rail, 66 miles: 1989, $1,745,000.** $1,400,000 for 20 miles of rail and $75,000 for 3,000 ties. **1988, $460,000.** $90,000 for rail, $320,000 for 30,000 ties, $5,000 for track machines.

—**Iowa Interstate, 662 miles: 1989, $1,660,000.** $100,000 for two leased locomotives, $650,000 for locomotive repairs, $810,000 for crossties, plus an undetermined amount for lease of 150 freight cars. **1988, $1,085,000.** $325,000 to lease 75 freight cars, $175,000 to buy five used locomotives, $180,000 to lease two locomotives, $405,000 for installation of crossties.

—**Arkansas & Missouri, 53 miles: 1989: $927,305.** $75,000 to buy 25 used freight cars, $20,000 to buy two used locomotives, $360,000 for locomotive repair, $35,000 for other equipment, $225,000 for 15,000 ties (materials only), $15,000 for a new track machine, $75,000 for leased track machines, $8,000 for communications, $15,000 for signaling, $94,305 for grade crossing protection, and $5,000 for grade crossing surfacing. **1988, $1,074,283.** $75,000 to buy 25 used freight cars, $130,500 to buy 12 used locomotives, $480,000 for locomotive repair, $35,000 for other equipment, $225,000 for 15,000 ties, $28,500 to buy three track machines, $34,400 for leased track machines, $62,883 for grade crossing protection, and $3,000 for grade crossing surfacing.

—**Lake Superior & Ishpeming, 55 miles: 1989, $858,000.** $400,000 to buy eight used locomotives, $150,000 for locomotive rebuild, $100,000 for rail, $45,000 for ties, $75,000 for a track machine, $3,000 for communications, $25,000 for grade crossing protection and $60,000 for grade crossing surfacing. **1988, $745,000.** $187,500 to repair 75 cars, $150,000 for locomotive rebuild, $200,000 for rail, $45,000 for ties, $160,000 for a track machine, $3,000 for communications.

—**Minnesota Commercial Railway, 63 miles: 1989, $701,000.** $60,000 for a used locomotive, $35,000 for locomotive repairs, $525,000 to upgrade track, $16,000 for a track machine, and $65,000 for signaling. **1988, $656,000.** $18,000 for nine used freight cars, $50,000 for a used locomotive, $30,000 for locomotive repairs, $491,000 for track and roadway (plus $18,000 for five track machines), $30,000 for signaling, and $19,000 for grade crossing surfacing.

—**Southeast Kansas Railroad, 104 miles: 1989, $680,000.** $100,000 for two used locomotives, $250,000 for other equipment, $70,000 for rail, $150,000 for

(Continued on p. 53)

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Small roads

(Continued from p. 43)

50,000 ties, $50,000 for track machines, $60,000 for grade crossing protection. **1988, $840,000.** $200,000 for four used locomotives, $250,000 for other equipment, $70,000 for rail, $150,000 for 50,000 ties, $50,000 for track machines, and $120,000 for grade crossing protection.

—**Florida Central, 60 miles: 1989, $605,000.** $20,000 for locomotive repairs, $240,000 for 6,000 ties, $30,000 for two track machines, $240,000 for grade crossing protection, and $75,000 for grade crossing surfacing. **1988, $456,000.** $30,000 for locomotive repairs, $40,000 to install 1,000 ties, $21,000 for a track machine, $320,000 for grade crossing protection, and $45,000 for grade crossing surfacing.

—**Knox & Kane, 78 miles: 1989, $447,600.** $237,600 for rail, $80,000 for 3,400 ties, $100,000 for grade crossing protection, and $30,000 for grade crossing surfacing. **1988, $119,500:** $12,000 for a used locomotive, $70,000 for 3,500 ties, $35,000 for two track machines, $2,500 for communications.

—**Providence & Worcester, 360 miles: 1989, $395,000.** $125,000 for a locomotive rebuild, and $270,000 for grade crossing protection. **1988, $526,000.** $14,000 for a used freight car, $35,000 for car repairs, $125,000 for a locomotive rebuild, and $353,000 for grade crossing protection.

—**Florida West Coast, 45 miles: 1989, $264,000** (in addition to leasing 85 freight cars). $90,000 for crossties, $35,000 for two track machines, and $9,000 for grade crossing surfacing. **1988, $136,000** (in addition to leasing 25 cars and three locomotives). $70,000 for seven used freight cars, $54,000 for crossties, $12,000 for three track machines.

—**South Branch Valley, 52.4 miles: 1989, $193,500.** $12,000 for locomotive repair, $15,000 for other equipment, $120,000 for rail, $40,000 for crossties, $5,000 for communications, and $1,500 for grade crossing surfacing. **1988, $436,900.** $2,300 for a used freight car, $14,500 for other equipment, $383,000 for rail (including 2.75 miles of cwr), $34,000 for crossties, and $3,100 for grade crossing surfacing.

—**Alabama & Florida, 80 miles: 1989, $145,000.** $15,000 for locomotive repair, $70,000 for crossties, $60,000 for grade crossing protection. **1988, $519,000.** $105,000 for seven used locomotives, $80,000 for locomotive repairs, $140,000 for crossties, $25,000 for two track machines, $94,000 for grade crossing protection, and $75,000 for grade crossing surfacing.

Dakota, Minnesota & Eastern purchased a new Jackson 950 crane and a 925 tie remover/inserter for a five-year, $20 million track improvement program that calls for 295,000 new crossties, 314,000 tons of ballast, and relaying five miles with cwr.

—**St. Maries River, 71 miles: 1989, $326,000.** $36,500 to lease 20 cars, $30,000 for car repairs, $12,000 for other equipment, $43,000 for rail, $160,000 for crossties, $20,000 for one track machine, $5,000 to lease one track machine, and $20,000 for grade crossing surfacing. **1988, $176,800.** $14,000 for miscellaneous equipment, $42,000 for rail, $130,000 for crossties, $19,500 for three track machines, $70,000 for grade crossing protection, and $30,000 for grade crossing surfacing.

—**Montana Western, 52 miles: 1989, $272,000.** $125,000 to rebuild a locomotive, $6,000 for other equipment, $120,000 for crossties, and $21,000 to lease five track machines. **1988, $237,000.** $14,000 for miscellaneous equipment, $161,000 for crossties, $17,000 for a track machine, $20,000 to lease five track machines, $20,000 for grade crossing protection, and $5,000 for grade crossing surfacing.

—**South Carolina Central, 52 miles: 1989, $260,000.** $20,000 for locomotive repairs, $100,000 for rail, $105,000 for 4,800 crossties, $4,500 for a track machine, and $30,000 for grade crossing surfacing. **1988, $120,000:** $12,000 for locomotive repair, $88,000 for 4,000 crossties, and $20,000 for grade crossing surfacing.

—**Ann Arbor, 53.5 miles: 1989, $126,000.** $30,000 for crossties, and $96,000 for signaling. **1988, $320,000:** $7,500 for crossties, $8,000 for communications, $60,000 for signaling, $48,000 for grade crossing protection, and $197,000 for grade crossing surfacing.

—**Green Mountain Railroad, 50 miles: 1989, $115,600.** $50,000 for locomotive repair, $60,000 for crossties, $2,600 for communications, and $3,000 for grade crossing surfacing. **1988, $188,400:** $150,000 for five leased locomotives, $1,500 for locomotive repair, $18,500 for crossties, $16,000 for lease of track machines, and $2,400 for communications.

—**Louisiana & Delta, 100 miles: 1989, $67,000.** $22,000 for tie maintenance, $18,000 for purchase of one track machine, $9,000 for lease of three track machines, and $18,000 for signaling. **1988, $92,000.** $29,000 for tie maintenance, $54,000 for a track machine, and $9,000 to lease three track machines.

—**Ontario Midland, 65 miles: 1989, $25,000.** $10,000 for crossties, $10,000 for grade crossing protection, and $5,000 for grade crossing surfacing. **1988, $70,000.** $5,000 for locomotive repair, $40,000 for crossties, $10,000 to lease one track machine, $10,000 for grade crossing protection, and $5,000 for grade crossing surfacing. ■